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# USSR Report

## INTERNATIONAL ECONOMIC RELATIONS

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18 January 1985

## USSR REPORT INTERNATIONAL ECONOMIC RELATIONS

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USSR-CEMA TRADE

DECREE ON DIRECT ORGANIZATIONAL TIES WITH CEMA

Moscow SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK in Russian No 23, 1984 pp 427-437

[Decree No 122 of the USSR Council of Ministers On Measures Creating the Necessary Conditions for the Development of International Production and Scientific-Production Intersectorial Cooperation and for Improving Direct Ties Between Ministries, Departments, Associations, Enterprises and Organizations in the USSR and Other CEMA Countries]

[Text] In order to realize the agreements made with other CEMA countries on further significant development of international production and scientific production cooperation as one of the most important directions in the deepening of collaboration between the USSR and other CEMA countries, and to create the economic and organizational conditions necessary for this, the USSR Council of Ministers decrees:

1. Establishes that all-union industrial associations, production and scientific-production associations, enterprises and organizations in the USSR (hereinafter referred to as associations, enterprises and organizations) are the basic element implementing direct production and scientific-technical ties with enterprises and organizations in other CEMA countries for the joint development of stable, long term and mutually beneficial cooperative production.

The Soviet Party's responsibility for the economic effectiveness of the direct ties and international production and scientific-production intrasectorial cooperation which USSR associations, enterprises and organizations implement with other CEMA countries (hereinafter referred to as international intra-sectorial cooperation) and for the timely fulfillment of contractual obligations lies personally with the managers of these associations, enterprises and organizations.

USSR ministries and departments are responsible for the organization and development, by the associations, enterprises and organizations subordinate to them, of the indicated direct ties and intrasectorial cooperation, and for the creation of economic and other conditions assuring their interest in the development of collaboration in this area.

2. Asserts that the Fundamental Statutes on the procedure for implementing direct production and scientific-technical ties in international intrasectorial cooperation between USSR ministries, departments, associations, enterprises and organizations and those of other CEMA countries apply.

Resolves that the Soviet part of the intergovernmental commissions for economic and scientific-technical collaboration will, based upon the indicated Fundamental Statutes and other existing legislation in the USSR, agree upon and accept the joint documents appropriate within these commissions concerning the implementation of direct production and scientific-technical ties and international intrasectorial cooperation.

3. The Ministry of Foreign Trade will:

a. Assure the implementation of all foreign trade operations involved with international intrasectorial cooperation, including the exchange of samples of items, individual components, parts, instruments, fittings, materials and other products and services (including during direct ties), through one or two all union foreign trade association intermediaries specializing in these operations;

b. to assure the operational nature of mutual delivery of samples of items, individual components, parts, tools, fittings, instruments, materials and other products and also the timely rendering of design and engineering services involving the start-up of international intrasectorial cooperation and scientific-technical collaboration (in accordance with contractual obligations assumed) or to implement direct ties, it is established that upon the proposal of USSR ministries and departments, annual sums (mutual deliveries) of resources be allocated on a balanced foreign exchange value basis for payments for these products and services and resolved that foreign trade organizations conclude, within the limit of these sums (volumes), global annual contracts with foreign trade organizations of other CEMA countries, with final agreement of commercial conditions (including prices) between these organizations and the settlement of mutual accounts at the year's end.

These annual sums (mutual delivery volumes) should be fixed in bilateral inter-departmental contracts (agreements) and distributed by USSR ministries and departments to their subordinate associations, enterprises and organizations, which, within the limits of the sums (volumes) communicated to them, can exchange products and services through foreign trade associations in accordance with sub-paragraph "a" of this paragraph.

4. In order to create favorable conditions for the development of production based on international intrasectorial cooperation, foreign trade organizations are authorized to give USSR industrial associations, enterprises and organizations components, parts and other items obtained on this basis from CEMA nations and necessary for domestic output. These are first of all centrally distributed or other items important to the USSR economy and are exchanged at prices set by a procedure covered by existing legislation for production-technical exported output.

5. To strengthen the interest of USSR industrial associations, enterprises and organizations in the development of international intersectorial cooperation and to accelerate the economic introduction of joint scientific-technical research obtained from such cooperation and direct ties it is felt advisable to provide economic incentives to these units and to foreign trade associations.

Economic incentives give consideration to the overfulfillment of plan targets for international intersectorial cooperation and the economic effect from their

realization, keeping in view the formation of funds for the development of international intrasectorial cooperation in USSR industrial associations, enterprises and organizations, and centralized funds (through deductions from the indicated funds of associations, enterprises and organizations) in USSR ministries and departments. Additional allocations are made in these associations, enterprises and organizations and foreign trade associations, following the procedure established by existing legislation.

Industrial associations, enterprises and organizations and foreign trade associations make allocations to funds for the development of international, intrasectorial cooperation and material incentives funds in event of positive economic effects from such cooperations (through increases in profits obtained from improvements in efficiency and production expansion, and increased exports).

Industrial associations, enterprises and organizations and foreign trade associations make allocations to the material incentives funds independently of allocations made in accordance with the USSR Council of Ministers Decree No. 777 of 18 September 1978.

6. Industrial associations, enterprises and organizations are authorized to use funds for the development of international intrasectorial cooperation to pay for expenses in solutions to problems foreseen by this decree, in particular, the acquisition, in CEMA countries, of equipment and materials for the development of cooperative production, the implementation of direct ties, the assignment of Soviet specialists to CEMA countries and for receiving specialists from them (within 10-15 percent of fund resources).

Material incentives funds of industrial associations, enterprises and organizations, and foreign trade associations are to be used to make the appropriate payments to workers as incentives for their activities involving the development of international, intrasectorial cooperation, including payments for tourist trips to other CEMA countries and trips for rest and treatment in these countries.

Within a three month period USSR Gosplan, the USSR Ministry of Finance, the USSR Ministry of Foreign Trade and the USSR State Committee on Prices will establish, in accordance with paragraph 5 and this paragraph, a procedure for the formation and use of funds for the development of international, intrasectorial cooperation, norms for allocations to material incentives funds and procedures for using these resources.

7. International production and scientific-production, intrasectorial cooperation and direct ties of USSR ministries and departments and the associations, enterprises and organizations subordinate to them with organs, enterprises and organizations of the SFRY [Yugoslavia] are to be implemented in the manner provided for by the USSR Council of Ministers Decree No. 652 of 9 July 1981 and the present decree.

8. It is established that:

a. The USSR Academy of Sciences, its organs, and upon agreement with it, the union republic academies of sciences will, when involved in scientific-technical cooperation with appropriate organizations of CEMA countries and Yugoslavia, conduct them in accordance with the USSR Council of Ministers Decree No. 652 of 9 July 1981 and implement direct ties with these organizations in the manner provided by this decree.

b. Republic ministries and departments and their subordinate associations, enterprises and organizations can, with the authorization in each individual case of the union republic Council of Ministers and the respective agreement of USSR Gosplan, the USSR State Committee of Science and Technology, the USSR Ministry of Finance and the USSR Ministry of Foreign Trade, implement international, intrasectorial cooperation and direct ties with organs, enterprises and organizations of other CEMA countries and Yugoslavia in a manner provided for by the USSR Council of Ministers Decree No. 652 of 9 July 1981 and the present decree

Chairman  
USSR Council of Ministers  
/N. Tikhonov/

Administrator of Affairs  
USSR Council of Ministers  
/M. Smirnyukov/

Moscow, Kremlin, 7 June 1984, No. 550

Approval of the  
USSR Council of Ministers  
Decree No. 550 of 7 June 1984

Fundamental Statutes

On the Procedure for the Implementation of Direct Production and Scientific-Technical Ties in International, Intrasectorial Cooperation Between Ministries, Departments, Associations, Enterprises and Organizations of the USSR and Other CEMA Countries.

1. International intrasectorial cooperation and the ensuing direct production and scientific-technical ties of USSR ministries and departments and their subordinate all-union industrial associations, production and scientific-production associations, enterprises and organizations (hereinafter referred to as associations, enterprises and organizations) with the corresponding CEMA country organs, enterprises and organizations (hereinafter referred to as direct ties) should take into account the interests of the USSR national economy as a whole and of individual associations, enterprises and organizations in accordance with the USSR Council of Ministers Decrees No. 652 of 9 July 1981 and No. 550 of 7 June 1984 and the present Fundamental Statutes.

Direct ties are a means of intrasectorial production and scientific-technical collaboration and are implemented, for the Soviet Party, by USSR ministries and departments and their subordinate associations, enterprises and organizations, as the basic elements in the implementation of such ties.

Duties and Rights of USSR Ministries and Departments in the Implementation of Direct Ties and International, Intrasectorial Cooperation. The Procedure for Planning International, Intrasectorial Cooperation

2. USSR ministries and departments implement direct ties and international intrasectorial cooperation with the corresponding ministries and departments in other CEMA countries primarily to handle the following tasks:

To deepen integration and coordination in the development of sectors and large scale production over the long term in order to favorably determine the direction of collaboration and to include reciprocal requirements for output in the development of drafts for the appropriate plans;

Constantly improve production efficiency and organization, thoroughly use progressive experience to increase labor productivity and reduce production outlays and utilize reserves, including through the reduction of unjustified parallel production and to economize on material resources;

Assure the production and reciprocal deliveries of output with technical standards and quality meeting better world standards, and to periodically update this output;

Develop production of output essential to the USSR national economy, and increase its exports in the interests of further development of reciprocal trade;

Systematically implement measures directed toward the substitution of unjustified imports, from capitalist countries, of machinery, equipment, accessories and materials produced in the USSR and other CEMA countries, and to organize and expand the production of such items to the levels needed;

Unify and standardize specialized and cooperative production and introduce unified technical requirements made upon such output;

Improve the technical servicing of reciprocally delivered machinery and equipment and completely supply it with spare parts needed for uninterrupted operation;

Develop the production of mass consumption goods;

Improve the study of demand for output produced by USSR enterprises.

3. USSR Gosplan:

a. In working out, in accordance with USSR Council of Ministers Decree No. 652 of 9 July 1981, of indicators for export and import volumes between the USSR and other CEMA countries for the next five-year plan, based upon the proposals of USSR ministries and departments, determines for each of them, the approximate

volumes of exports and imports of cooperative output in value, or when necessary, in physical terms (Following nomenclature of USSR Gosplan after agreement with it);

b. In working out drafts for state plans for the economic and social development of the USSR (in the section "Measures for the Development of Socialist Economic Integration of the USSR with CEMA Countries") includes the proposals of USSR ministries and departments ensuing from the appropriate contracts (agreements) concerning targets for reciprocal deliveries of cooperative output and services (including those in direct ties) between the USSR and other CEMA countries. These are included by USSR ministries and departments in their plans for international, intrasectorial cooperation, and correspondingly included in export and import plans.

#### 4. USSR ministries and departments:

a. Based upon the approximate volumes of cooperative output reciprocal deliveries reported by USSR Gosplan, include an international, intrasectorial cooperation plan as a subsection in special sections of five-year and annual plans. The subsection has targets for the Soviet Party's fulfillment of obligations for the production and export delivery to CEMA countries of the entire assortment of such output (with the allocation of the material and financial resources necessary for its production), and for the import, from CEMA countries, of output produced on the basis of international, intrasectorial cooperation with these countries and in the fulfillment of other reciprocal obligations arising in the implementation of international, intrasectorial cooperation and direct ties. This plan can also include targets for reciprocal deliveries of cooperative output above the approximate volumes in USSR Gosplan drafts, keeping in view that such reciprocal deliveries should be on a balanced foreign exchange basis, as intended by USSR Council of Ministers Decree No. 652 of 9 July 1981 No. 652 (paragraph 20);

b. Give their subordinate associations, enterprises and organizations targets for the production, export to and import from CEMA countries of cooperative output (including output planned and distributed by USSR ministries and departments not covered by the coordination of USSR and other CEMA country state plans) in value and physical terms;

c. Prepare proposals for direct ties and international, intrasectorial cooperation, including drafts of international contracts (agreements) of an inter-departmental character and when necessary, economic contracts, including techno-economic substantiation and estimates of the economic efficiency of the intended collaboration. Proposals on problems of international, intrasectorial cooperation and reciprocal deliveries of output, the production of which involves the centralized allocation of material resources for its production or the centralized distribution of finished products, are coordinated with USSR Gosplan and USSR Gosnab;

d. Implement direct ties with ministries and departments of other CEMA countries through working groups of intergovernmental commissions for economic and scientific-technical collaboration;

e. Create the necessary material-technical and organizational conditions assuring the interest in and effective implementation of direct ties by their subordinate associations, enterprises and organizations, and inform such subordinates of potentials for the development of international, intrasectorial cooperation of corresponding enterprises and organizations in other CEMA countries;

f. Assure the most rapid realization and production introduction of joint developments resulting from direct ties, disseminate, throughout their sectors, the progressive experience and the scientific-technical achievements resulting from joint efforts.

**Duties and Rights of USSR Associations, Enterprises and Organizations in the Implementation of Direct Ties and International, Intrasectorial Cooperation.**

5. USSR associations, enterprises and organizations implement direct ties and international, intrasectorial cooperation with the appropriate enterprises and organizations in other CEMA countries primarily to handle the following tasks:

The further development of production, utilizing the potentials of international cooperation, including cooperation in the latest and fundamentally new types of output and technology, for which it is advisable to expand or organize production;

Attain plan targets and make operational decisions about problems involving the obligations of specific Soviet associations, enterprises and organizations ensuing from international contracts (agreements) of the USSR, and with the fulfillment of economic (civil-juridical) contracts;

Increase the production and export of products with technical standards and quality meeting the better world levels and periodically updating this output;

Coordinate capital construction plans, the more complete use of production and material resource reserves available at associations, enterprises and organizations;

Introduce progressive experience in production organization, improve technological processes, save fuel, energy and materials and improve labor productivity;

Exchange released production-technical output;

Render mutual assistance in the start-up of equipment, the introduction of the latest technology and the elimination of malfunctions, organize joint testing of new or improved equipment and introduce unified technical requirements for jointly produced output;

Conduct joint scientific-research and experimental design work on problems and themes concerning support for international, intrasectorial cooperation and improvements in its organization.

6. USSR associations, enterprises and organizations:

- a. Solve problems in the most urgent and prospective directions and themes for production collaboration and the development of international, intrasectorial cooperation, first of all for new types of output;
- b. Prepare proposals for the implementation of direct ties and on the inclusion, in five-year and annual sector plans, of the necessary targets for collaboration, including for the production of output planned and distributed by USSR ministries and departments and output the production of which involves the centralized distribution of material resources, present these proposals for examination by the appropriate USSR ministries and departments;
- c. Compile, based upon targets for production and reciprocal deliveries of cooperative production set by USSR ministries and departments, and upon obligations ensuing from economic contracts with enterprises and organizations in other CEMA countries, five-year and annual plans for international, intersectorial cooperation and include obligations assumed in the development of production programs;
- d. In accordance with established procedures, implement the regular exchange, with enterprises and organizations in other CEMA countries, of information on the newest scientific-technical achievements in production which is the object of international specialization and cooperation, of operational properties, qualitative indicators and reliability of delivered components and parts, and conduct work on the use of unified items in the joint development of machinery and equipment.

7. For the operational solution of problems arising in the implementation of direct ties, USSR associations, enterprises and organizations can, with the authorization of the appropriate USSR ministries and departments, use the following organizational forms:

Meetings [soveshchaniye] of fully empowered representatives of the Soviet Party, established on a parity basis for interplant coordinating councils in the management of associations, enterprises and organizations, or the persons designated by them;

Councils of chief designers;

Joint collectives (design and technological offices, scientific-research groups and laboratories);

Exchange of brigades, official trips by groups and individual associates.

Meetings of fully empowered representatives of the Parties, interplant coordinating councils, councils of chief designers, and joint collectives can be permanent (for the period the agreement is in effect) or temporary (to solve specific problems).

Decision Making Procedure for Establishing Direct Ties and Supervision Over the Fulfillment of the Socialist Obligations Assumed

8. The decision of USSR ministries and departments to establish direct ties with the appropriate ministries and departments in other CEMA countries are made by the chairpersons of the Soviet delegations of intergovernmental commissions for economic and scientific-technical collaboration at the proposal of the USSR ministries and departments.
9. Direct ties between USSR associations, enterprises and organizations and those of other CEMA countries are implemented upon USSR ministry and department decisions made in the established manner.
10. Direct ties and international, intersectorial cooperation between USSR ministries and departments and the appropriate ministries and departments of CEMA countries are based on international contracts (agreements), while those between USSR and other CEMA associations and enterprises are based upon economic (civil-juridical) contracts concluded in a manner provided for by USSR Council of Ministers Decree No. 652 of 9 July 1981.
11. The economic efficiency of collaboration planned on the basis of international, intrasectorial cooperation and direct ties is estimated with the help of the automated system (ASOP [not further identified] - Foreign Trade) of USSR Gosplan.
12. Expenses involved with the implementation of direct ties by USSR associations, enterprises and organizations are covered by the resources of the appropriate USSR units.
13. Talks and meetings on problems of direct ties at the level of USSR ministries and departments are conducted in accordance with directives (instructions) which are approved by the leaders of these USSR ministries and departments upon agreement with USSR Gosplan, the USSR Ministry of Foreign Trade, (State Committee on Foreign Economic Relations) and other concerned USSR ministries and departments, while at the level of USSR association, enterprise and organization they are based on instructions approved by the leaders of the appropriate USSR ministries and departments.
14. The Soviet delegations to intergovernmental commissions for economic and scientific-technical collaboration hear reports from USSR ministries and departments on the course of implementing direct ties and developing international, intrasectorial cooperation for the purposes of rendering assistance to USSR ministries and departments in the development of collaboration between the USSR and other CEMA countries, in supervision, through the working organizations of intergovernmental commissions for economic and scientific-technical collaboration and in coordinating proposals for collaboration with CEMA ministries and departments.

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## USSR-CEMA TRADE

### ROLE OF STANDARDS IN CEMA INTEGRATION

Moscow IZVESTIYA in Russian 2 Oct 84 p 5

*(Article by S. Agafonov: "How Standards Operate")*

*(Text)* In the vast sea of specialized terms which define the international economic, scientific and technical cooperation among the socialist countries standardization has undeservedly escaped the attention of the mass media. Much has been written about specialization and cooperation, deepening the integration and division of labor, about the long-term prospects for reciprocal action among the economies of the fraternal countries. But concerning the universal lever which stimulates these processes, which facilitates the increase of production efficiency and product quality, as well as the competitiveness of items, casual mention is made, as a rule, without a detailed breakdown. Within the CEMA framework, however, standardization is an extremely important prerequisite for the development of the entire complex of economic relations.

ACCORDING TO THE CLASSIC DEFINITION, A STANDARD IS A TYPICAL KIND OF ITEM, SATISFYING RIGOROUSLY SPECIFIED NORMS OF QUALITY, FORM, AND SIZE, MANDATORY FOR BOTH PRODUCER AND CONSUMER. STANDARDIZATION, ACCORDINGLY, IS THE ESTABLISHMENT OF SUCH NORMS, AS WELL AS THE REDUCTION OF MANY KINDS OF PRODUCTS TO A SMALL NUMBER OF TYPICAL ONES, WHICH ALLOWS FOR A MORE RATIONAL ORGANIZATION OF PRODUCTION *(in italics)*.

In other words, a standard is, to a certain degree, an enforcement carried out for people's benefit, a barrier which blocks the appearance of poor-quality items, which cuts short anarchy in the development of sectors, and which economizes on means and resources. (In the USSR, for example, it has been calculated that every ruble invested in standardization brings in 10 rubles of profits.)

Working out and introducing standards even within the framework of a single country is an unusually labor-consuming and painstaking matter. You can imagine how difficult it is to find a common language with foreign partners, each of whom have many different characteristics, some of which must be paid attention to, others overcome, and a third group smoothed over, but, in any case, a mutually acceptable solution must be arrived at. For, of course, today without a common denominator, as represented by integrated standards for the CEMA member countries, neither specialization in depth nor a multi-faceted cooperation are possible in a practical sense. In order to successfully carry out long-term

programs of cooperation among the socialist states, precise norms are necessary, norms providing guarantees of the quality and high technical level of the product, providing, in addition to everything else, for an inter-changeability of assemblies and parts, their technological commensurability.

The first CEMA standards made their appearance in 1974. At the 28th CEMA Session the Statute on the Standards of the Council for Mutual Economic Assistance (CEMA) and the Convention on the Application of CEMA Standards were approved, signed and ratified by Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, the Soviet Union, Czechoslovakia, and later by Vietnam. Approximately 5,000 such standards have already been created.

Just how do the CEMA standards originate? They are worked out by the standing commissions of CEMA, by the international economic organizations of the socialist countries (such as, for example, Interelektron, Interkhim, Intermetall, and others). As a rule, the initiative proceeds from the country which ranks first in the production of the specific type of output. To be the author of a standard is not so much prestigious as it is profitable. Because, of course, by establishing a specific technical level of the items, by determining the parameters and the other factors comprising the standard, the producer sets the conditions for his partners, advertises his own achievements, and, in the final analysis, also assures himself of a market.

To become the author of a standard, however, is not such a simple matter. Rigorous requirements are set for the claimant. Suffice it to say that, in drawing up a draft proposal, the author is obliged to thoroughly study the existing national standards of the CEMA member countries, compose a technical-economic justification for the new norms, tables of compilations for the new version with parameters of the international standards and the standards of the developed capitalist countries for the given type of product, and undergo an expert appraisal, which is conducted by the CEMA Institute for Standardization.

Such a severe winnowing out process is necessary. Because, you know, the fate of an entire type of product is at stake. Furthermore, it is a fate which will become common for all the concerned countries of the community. To adopt a CEMA standard means to assume strict obligations.

Such a competitive selection, if it may be so termed, is indeed quite severe, explains B. Remizov, the learned secretary of the CEMA Institute on Standardization. But it cannot be otherwise. The expert appraisal which the institute conducts makes high demands on the draft proposals. And no matter how meticulously the versions of the new standards may be prepared, in practically no case do they pass without further adjustments. It is not a question here of a finicky nature on the part of our experts nor of pedantry, but rather that a standard today is--if you like--a travel pass to tomorrow for production. One of the leading trends in our own days has become the use of standards to stimulate the rise of the technical level and an improvement in product quality. And, therefore, they must be developed on the basis of forecasts of sectorial developments and must be keyed to the future. It is not by chance that each adopted standard contains the deadlines for its review; as a rule, these do not exceed five years.

In speaking about standardization, we must not fail to mention such a field as metrology. Each parameter included within a standard is measured by specific sizes. Raw materials, fuel, and materials for the manufacture of an item must possess specific properties and compositions. Any product can only be considered to be of good quality when it corresponds to the standard measure which has been established for it. If we may speak figuratively, metrology is a procurator's supervisory power over the standards. Whether or not steel welded by metallurgists, coal mined by miners, an instrument or machine coming off the conveyor, received according to delivery agreements, are good is a matter which is decided by metrologists, who carefully compare the end product of production with standard samples.

The search for an integrated approach to metrological measurements, working out the standard measures and standard samples for CEMA constitute an important trend in the cooperation between the specialists from the fraternal countries, and great importance is ascribed to this. Clear confirmation of the urgency of this problem was the examination at a recent session of the Politburo of the CPSU Central Committee of the question of cooperation in the field of creating and using the standard CEMA samples, as well as solving the problems of guaranteeing the integration of the composition and properties of raw materials, fuel, and other materials.

What are the achievements and the effect of standardization within the CEMA framework for each country and for the community as a whole? Let's begin with the fact that the CEMA standards combine the partners' industrial and scientific-technical potential into an integrated production complex, which has the power to solve the most complex economic problems. The CEMA standards which have been introduced into the national economies of individual countries have brought in tangible profits.

Here are a few facts. As a result of cooperation among the specialists from the fraternal countries, a CEMA standard has been adopted and introduced for sheet-bending hydraulic presses, due to which the number of standard sizes in this group of machines has been reduced by some 35 percent. Capacities have been freed up for increasing the output of the necessary items, and economies are being achieved in raw materials, fuel, energy, and other material resources. We should add that the cost of one such press, depending upon its designation, varies from tens of thousands to a million rubles, whereas working out a normative document amounts to only 10,000 rubles. Such is the effectiveness of introducing only one standard.

Here is another illustration. Within the CEMA framework an integrated system of planning-design documentation has been created. The working drawings, accompanying papers, and recommendations for implementing the draft proposals are prepared by the partners in accordance with a standardized schematic and in a common technological language. Thereby there is no longer any need to revise the documentation when transmitting it from one country to another, and the process itself of planning is simplified. And so the time periods required for engineering operations are reduced, and the enterprises master the output of the new product more rapidly. Specialists from the GDR have calculated that, due to the application of this system in the country's national economy in just one sector--railroad-car construction--more than 800,000 marks are saved annually.

With all the plusses and indisputable advantages, there are still quite a few problems in the field of standardization on a CEMA-wide scale. What we are talking about here is not the complicated nature of reaching agreements on individual questions among the partners--that is natural in the case of multi-lateral discussions, but rather about certain organizational lacks in coordination, the slow pace of introducing approved standards, certain difficulties on the level of utilizing CEMA standards in drawing up contracts and agreements. Moreover, contractual-legal relations comprise an important field in which an integrated standard operates no less effectively than in a specific economic sector. It disciplines the partners, gives them the right to hold the supplier strictly responsible for poor product quality, and impels the exporter to improve the production and raise the technical level of his items.

Within the CEMA framework standardization has a great future, states A. Kirilenko, the director of the CEMA Institute for Standardization. And not just in the sense that new standards will continue to appear, although this is important. The main thing is that the standards must keep abreast of specialization and cooperation. Obviously it is more effective for everybody to key on the assigned norms right away rather than subsequently seeking out compromises among the variants existing in each partner. Therefore, as early as the initial phases of working out programs of cooperation it is necessary to conduct a search for the optimal norms so that by the beginning of the draft proposal's implementation the entire complex of standardization measures may be carried out.

At the present-day stage standardization has become one of the most important elements in carrying out long-term programs of cooperation among the fraternal countries. In the first place, this pertains to developing the high-priority trends of economic cooperation determining the technical progress of the entire national economy: robotics and micro-electronics, flexible automated production lines and micro-processor equipment, rational utilization of fuel, raw-material, and energy resources, and the creation of optimal conditions for solving the food problem.

"It has become recognized as necessary to strengthen cooperation in the field of standardization and integration..." noted the Declaration of the Basic Trends for the Further Development and Scientific-Technical Cooperation among the CEMA Member Countries, as adopted as a result of the economic conference at the highest level, which was held in June of this year in Moscow.

2384  
CSO: 1825/15

USSR-CEMA TRADE

FINANCE INSTITUTE CONFERENCE ON JOINT RESEARCH, 1983-1986

Moscow FINANSY SSSR in Russian No 8, Aug 84 pp 77-79

[Article by Ye. V. Galova: "On the Cooperation of the Scientific Research Financial Institute of the CEMA Countries"]

[Text] As was emphasized at the June (1983) Plenum of the CPSU Central Committee, the last two decades have enriched our concept of the world of socialism and have shown more clearly how diverse and complex it is. In this connection the exchange of experience of socialist management accumulated by the CEMA countries acquires great importance. In the field of finance, experience is being exchanged on both a bilateral and multilateral basis within the framework of the CEMA Permanent Commission for Currency and Finance.

A regular conference of the leaders of the CEMA countries' NIFI's [Scientific Research Financial Institutes] took place in Prague on 15-18 May 1984. Delegations from the NIFI's and the Ministries of Finance of Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, Romania, the USSR, and Czechoslovakia participated in its work.

Representatives of the Secretariat of the Council for Mutual Economic Assistance, the International Investment Bank, and the International Institute of the Economic Problems of the World Socialist System were present at the meeting. M. Juroeka, the director of the Scientific Research Center of the Czechoslovakian Federal Ministry of Finances presided over the conference.

The results of joint scientific research during 1983-1984 were examined and basic directions for joint research in 1985-1986 adopted at the conference of the leaders of the CEMA countries' NIFI's.

The scientific research financial institutes of the CEMA countries concluded research on two subjects in 1984: "The System of Payments by State Enterprises to the Budget: Experience and Ways of Improvement" and "The Organization, Role, and Prospects of the Development of Income and Property Taxation of the Population in the CEMA Countries." The results of the joint investigations were generalized in summary scientific reports prepared by the coordinator institutes and discussed at the conference.

The summary report "The System of Payments by State Enterprises to the Budget: Experience and Ways of Improvement" was prepared by the Scientific Research Financial Institute of the USSR Ministry of Finance on the basis of materials submitted by the scientific research financial institutes of Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, Romania, and Czechoslovakia. The practice of the application of the systems of payments to the budget existing in the CEMA countries is presented in it. It is emphasized that the general principles resulting from socialist management methods, forms of ownership, and the budget's role in stimulating production and regulating the economy form the basis for the mobilizing of the resources of state enterprises and organizations into the budget. Receipts from state enterprises in all the socialist countries make up the predominant share of budget revenues. Along with general measures, the report examines the differences in the systems of payments of the CEMA countries regarding the amounts of payments to the budget, the procedure for their establishment, the methods for their calculation, the ratio of payments from profit and the turnover tax and payments (vznos) out of net income and prime cost.

A system of payments to the budget promotes not only the centralization of financial resources in a general state fund, but also the creation of the economic self-interest of the collectives of enterprises and organizations in the results of their work, in the growth of accumulations, and in better utilization of production resources.

In their discussion of the report, those who spoke emphasized that the structure, form, and organization of the payments of economic organizations to the budget in many respects depend on the nature and features of the economic mechanism for managing the national economy. Deputy Director of the Financial and Economics Institute under the GDR Ministry of Finance W. Lebig noted that in recent years in the CEMA countries the interrelations of enterprises and associations with the state budget have been reorganized in such a way to influence more actively the processes of increasing the efficiency and the intensifying of production, the better utilization of fixed and working capital, the acceleration of the introduction of new equipment into production, and the strengthening of a system of economizing and thrift. For this purpose beginning in 1984 the GDR has introduced deductions to the budget at the expense of the prime cost of output of combines and enterprises. They are called "contributions to public funds." In the opinion of German economists this should ensure a more solid link between labor and cost accounting. The introduction of this payment results from the fact that the valuation of labor is changing and state expenditures for the reproduction of manpower are continually growing. The Deputy Director of the Financial Research Institute M. Kupa (Hungary) reported that deductions for social insurance and taxes on wages are being increased in the republic for the purpose of increasing the valuation of labor in production expenditures.

In many of their addresses economists of the CEMA countries (Bulgaria, Romania, and the USSR) pointed out the necessity for expanding tax normatives when distributing profits. Ye. Kolomin, acting director of the Scientific Research Financial Institute of the USSR Ministry

of Finance, noted in his speech that under the conditions of the economic experiment being carried out in the USSR the use of the normative method of profit distribution is envisioned. In accordance with this the normative does not regulate the share of the profit left at the disposal of the associations, but does regulate the amounts of the deductions from the calculated profit to the state budget. As the chief director of the Scientific Methodological Center for Finances of the Bulgarian Ministry of Finances, S. Karavestev, emphasized in his speech, the republic, proceeding from accumulated experience, envisions in the near future the introduction of a system of tax normatives for the formation and utilization of profit which are brought to the enterprises before the plan is worked out and remain constant during the year. This system will be coordinated with the system of price formation and the organization of the investment process.

The report reflects the trend to establish payments for natural resources (minerals, lumber, and water), which has been intensifying in the CEMA countries in recent years. This has been caused by the intensification of measures related to environmental protection as well as by the necessity to stimulate the utilization of domestic raw materials and energy resources.

All the speakers noted the importance and urgency of the problems examined in the report and the fruitful work done by the coordinator institute in generalizing the socialist countries' experience in forming and utilizing a system of payments to the budget by state enterprises.

The summary report "The Organization, Role, and Prospects in the Development of Income and Property Taxation of the Population in the CEMA Countries," prepared by the Scientific Methodological Center for Finances of the Bulgarian Ministry of Finances, systematized and analyzed materials from Bulgaria, Hungary, the GDR, Poland, Romania, the USSR, and Czechoslovakia submitted by the respective scientific research financial institutes. In his introductory remarks on the report S. Karavastev stated that this subject is very urgent, but at the same time specific since it involves the social policy of the CEMA countries; the problem of taxing the incomes of the population has been a subject for lively debates in recent years. It is noted in the report that the CEMA countries are currently using various economic methods to regulate the incomes of the population. The organization and role of taxes from the population are conditioned by the entire aggregate of the socio-economic conditions of each country's development. There are significant differences in the tax structure, above all taxes on wages, in the formation of the tax systems in the CEMA countries. In the majority of the countries (Bulgaria, the GDR, the USSR, and Czechoslovakia) there is direct taxation of wages, and it is to one degree or another and in one form or another made dependent on the family status of the citizens. Workers and employees in Hungary make social insurance payments at progressive rates; in Romania the enterprises and organizations deduct the tax from the wage fund differentially by sectors. Poland imposes an equalization tax only on those wages and individual types of compensations whose amount

exceeds a fixed level. In all CEMA countries inheritance, real estate, and some other types of property are objects of taxation.

In his speech on this report Director of the Hungarian Financial Research Institute I. Hagelmayer emphasized that the subject of income and property taxation is especially pressing for Hungary since in the country a great deal of attention is being given to the development of various forms of commodity-money relations and it is important to continually improve and unify the taxation system. This especially applies to incomes earned outside the basic work place and the public sector. Introducing taxation on family incomes is being proposed.

Ye. Kolomin noted that under socialist conditions the system of income and property taxation of the population is used as a method of mobilizing incomes into the budget and a clearly pronounced tendency to preserve and use this system with the purpose of regulating the incomes of the population and differentiating them depending on social and family status is being observed in the practice of the CEMA countries.

The methods and forms of improving income and property taxation under conditions of building a developed socialist society in the individual CEMA countries depend to a great extent on the degree of clarification of the problems of the necessity, functional designation and role of taxes from the population as a unified system, and of particular tax forms in the managing of the socialist process of reproduction, and in particular, of the formation of incomes and of raising the people's standard of living.

In 1983-1984, besides the summary reports, the financial institutes have prepared summary scientific information on the subject "Sources and Methods of Financing Expenditures for Environmental Protection" (the coordinator institute is the NIFI of the USSR Ministry of Finance).

In October 1984, the scientific research financial institutes of the CEMA countries will conduct an international conference on the problem of "The Currency-Financial Mechanisms of the CEMA Countries and their Role in the Development of Mutual Economic Cooperation." This conference's organizer is the Scientific Methodological Center for Finances the Bulgarian Ministry of Finances. The Scientific workers from the financial institutes of Bulgaria, Hungary, the GDR, Cuba, Mongolia, Poland, Romania, the USSR, and Czechoslovakia as well as from the MIEP MSS [World Socialist System's International Institute of the Economic Problems of the World Socialist System] and the MNIIIPU [International Scientific Research Institute for Management Problems] will participate in the conference. The institutes participating in the conference have submitted their reports on this subject, which they worked out during 1983, to the coordinator institute.

At the conference the NIFI leaders discussed the plan for the joint scientific research of the CEMA countries in 1985-1986. The plan adopted envisions the preparation of a number of summary reports and scientific information on the pressing questions of socialist finances.

A meeting of the chief editors and representatives of the financial-credit journals of Bulgaria, Hungary, Cuba, Mongolia, Romania, the USSR, and Czechoslovakia took place on 17 May 1984 within the framework of the conference being held.

The chief editors and representatives of the journals examined the results of joint cooperation in 1982-1983 and exchanged information about the fundamental problems of the CEMA countries in the sphere of finance so as to be able to explain them in the financial-credit journals. It was noted that lately materials about the development of socialist economic integration and about methods of influencing the financial-credit mechanism for an increase in production efficiency, an acceleration of scientific-technical progress and a growth in labor productivity have begun to be published in the journals more often.

The chief editors and representatives of the financial-credit journals agreed upon a list of subjects for publication in 1985 which ensues from the results of joint scientific research of the NIFI's of the CEMA countries, as well as the basic directions for the further cooperation of the financial-credit journals.

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USSR-CEMA TRADE

PLANNING DIRECT ENTERPRISE, ASSOCIATION COOPERATION

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 84 p 20

/Article by V. Gavrilov; candidate of economic sciences, head of a sector of the Institute of Economics of the World Socialist System of the USSR Academy of Sciences: "Development of Direct Relations"/

/Text/ The high-level economic conference of CEMA member countries has determined that an extensive development of production cooperation and the establishment of direct relations among associations, enterprises and organizations are important directions in the improvement in the economic mechanism of cooperation and increase in its efficiency. For these purposes CEMA countries take measures aimed at granting the necessary powers to them and creating appropriate conditions for cooperation.

There are especially great potentials for production cooperation in the processing industry. The list of articles produced by it on the basis of cooperation is noted for a great diversity and includes hundreds of thousands of items. Under the conditions of the scientific and technical revolution it changes rapidly and technical and economic parameters are in a constant motion. In cooperation it becomes necessary to promptly exchange frequently small batches of intermediary products and to make decisions in a short period before delivery. Individual parts and units of a newly created model often cross the border many times. This calls for an improvement in the forms of foreign economic activity.

Emphasis on Quality

Now, when in cooperation emphasis is placed on a rise in its qualitative level, a prompt exchange of models of new equipment, technology and scientific and technical documents, as well as of specialists, becomes an ordinary phenomenon.

CEMA countries have accumulated a vast store of modern technical and technological ideas, whose exchange and implementation can provide a big economic effect. This stock annually increases by 130,000 inventions, of which, however, one-half is not yet introduced into production promptly. Furthermore, there are smaller production innovations. For example, in the GDR alone every year 500,000 various kinds of scientific and technical improvements and efficiency proposals are implemented and in the USSR, several million. However, the insufficient development of direct relations on average and lower levels of economic management limits the possibility of a joint solution of many so-called small, but often very important, specific production and technical problems.

Experience shows that, where the implementation of cooperation is backed by the development of direct relations among the enterprises and associations participating in it, a big economic effect is attained. For example, after an exchange of scientific research results cooperation in the production of 750 hp diesel engines between USSR and GDR organizations was organized. The UM-160 second-generation robot jointly developed by Czechoslovak and Soviet specialists was awarded a gold medal at the international fair in Brno. Scientific workers at the Ukrainian Scientific Research Institute of Agricultural Machine Building and Bulgarian specialists developed a robot--thinner of sugar beet seedlings--a machine acutely needed by rural workers. There are many such examples.

Cooperation gives a big effect at the stage of introduction, when partners jointly master newly developed machinery and equipment. At the same time, design bureaus in one country have the opportunity of cooperating with experimental production facilities in another country and of using its testing units and instruments.

Production preparation, design development, delivery of technological equipment for a specific purpose and joint development of fittings can be the objects of cooperation. In the course of cooperation the parties can offer urgent design and technological services, develop and implement measures for a more efficient utilization of production capacities, perform joint tests of new types of products and give each other help in the elimination of uncovered breakdowns. All this requires the establishment of closer relations among the enterprises and organizations of CEMA member countries participating in such a cooperation.

#### Exchange of Advanced Experience

Special agreements on an exchange of advanced experience and joint production retooling have begun to be concluded among production organizations of CEMA countries recently. Usually, participants in such an agreement undertake the following obligations:

To familiarize each other with the produced products and technology;

to jointly perform an analysis of the technical and economic indicators of existing installations--expenditure of energy, raw materials and labor input;

to combine efforts for the introduction of the best solutions everywhere.

Naturally, this type of cooperation required an appropriate adjustment of the economic mechanism.

In our country the basic ways of formation of such a mechanism were determined by the decrees dated 9 July 1981 and 7 June 1984 of the USSR Council of Ministers. As a result, more favorable organizational and economic conditions stimulating the development of direct production relations between enterprises in the USSR and other CEMA countries and the development of intrasectorial cooperation are created. Industrial enterprises have been granted the right to

form funds for the development of international cooperation, which will be directly at their disposal. This will enable them to negotiate the development of cooperated production with partners from other CEMA countries, to provide financial incentives for labor collectives and to implement the necessary economic measures. The decrees envisage the personal responsibility of managers of production organizations for a prompt fulfillment of contractual obligations and the economic efficiency of direct cooperation relations.

#### On an Economic Contractual Basis

The great importance of the new legislative acts lies in the fact that they envisage direct production relations among partners on an economic contractual basis both for the purpose of a better realization of interdepartmental agreements and for the further development of international intrasectorial cooperation by them.

The introduction of the economic contract into the practice of cooperation brings a new factor to the organization of mutual economic relations. It makes it possible to more intensively utilize the possibilities opened up by production cooperation. Partners can conclude an economic contract on matters within the competence of the participants in cooperation. As is well known, these competences of production organizations have now greatly increased both in the USSR and in other CEMA countries.

The novelty of the economic contractual form of cooperation lies in the fact that deliveries of cooperated articles are made within the framework of the intrasectorial plan--exchange of units, parts and services--which significantly supplements the export-import plan encompassing only the list of basic articles. This makes it possible to draw articles that are not the object of coordination of national economic plans into mutual trade turnover.

The development of direct relations among partners on an economic contractual basis opens up the possibility of formulating business-like contacts connected with an exchange of experience not only in the form of memorandums and protocols of the nature of recommendations, but also through the conclusion of legal documents, whose fulfillment is mandatory. The economic contract creates the basis for an evaluation of the efficiency of jointly implemented measures and can be utilized as a tool of control.

The realization of economic contracts concluded at the level of production organizations brings about a certain flexibility and mobility in foreign economic activity. It is important for it to reliably ensure short-term and even single operations arising in the practice of cooperation. Economic contractual relations among direct producers presuppose to some degree types of deliveries qualitatively new in their organizational and legal aspect. It is difficult to envisage in advance an exchange of specific articles produced on the basis of cooperation in trade protocols and in the export-import plan. Therefore, as already stated above, their deliveries are determined by the intrasectorial exchange plan.

A sectorial ministry and managers of production organizations participating in cooperation now have the right to independently solve the problem of an exchange of material values with the limits of preplanned lists of articles and

ceiling amounts based on approximate prices. The final coordination of prices and performance of concluding calculations will be carried out by foreign trade organizations at the end of the year, when articles have already been delivered.

A characteristic feature of cooperation on an economic contractual basis lies in the fact that it contributes to a systematic extension of the cost accounting principle to the sphere of foreign economic activity. The economic contract envisages the examination of economic exchange conditions in close connection with production and technical conditions. In the area of intrasectorial cooperation it can be concluded on the initiative of the production organization itself in accordance with its economic interest. Such an interest is revealed only if a production organization can determine the economic effect for itself accurately and unequivocally.

The new approach to the international mechanism of production cooperation requires a careful study of the problems of planning, price formation and utilization of temporary credit and currency-finance relations for the purpose of developing direct relations. The problem of giving leading scientific organizations powers to enlist coexecutors of scientific research from other CEMA countries and to coordinate and finance joint work also acquires paramount importance.

The further expansion of the initiative and rights of sectorial ministries and production organizations in the development of the process of international socialist cooperation will be by no means accompanied by a decline, but, conversely, by a systematic strengthening and increase in the centralized effect on this process on the part of general state management bodies.

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USSR-CEMA TRADE

BRIEFS

COMMISSION ON RADIO ENGINEERING--(According to TASS reports)--The 48th meeting of the CEMA Permanent Commission on Cooperation in the Field of the Radio Engineering and Electronic Industry was held in Budapest. The commission examined and approved measures for the fulfillment of the assignments stemming from the decisions of the 38th meeting of the council's session and the meetings of other CEMA bodies and the course of fulfillment of the program for cooperation in the development and extensive utilization of microprocessor hardware in the national economy of CEMA member countries for 1982-1990. The commission paid much attention to work performed for the implementation of the program for cooperation in the area of development and introduction of new types of color television sets, as well as individual types of equipment for color television, into production and approved a draft agreement on scientific and technical cooperation in this field. In accordance with the decisions of the high-level economic conference of CEMA member countries on the need to raise cooperation to a new stage the commission approved the proposal on the development of cooperation in the area of establishment of long-term communication and information transmission systems. /Text/ /Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 84 p 217 11,439

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## TRADE WITH INDUSTRIALIZED COUNTRIES

### SORSA VISIT YIELDS PLANS FOR TRADE WITH FINLAND, 1986-1990

Moscow EKONOMICHESKAYA GAZETA in Russian No 42, Oct 84 p 21

[Article by Yu. Piskulov, deputy chief of the Trade with Western Countries Administration of the USSR Ministry of Foreign Trade and doctor of economic sciences: "The USSR and Finland: Fruitful Good-Neighborliness"]

[Excerpts] As already reported, a trade and payments agreement for 1986-1990 between the Soviet Union and Finland was signed in Moscow during the visit to the USSR by Finnish Prime Minister Kalevi Sorsa from 25 to 29 September.

The Politburo of the CPSU Central Committee, in reviewing the results of the visit in a scheduled meeting, noted that the agreement signed is one more concrete manifestation of the successful development of Soviet-Finnish collaboration.

The 5-year trade and payments agreement between the USSR and Finland for 1986-1990 is convincing new evidence of the steady growth in Soviet-Finnish economic relations. Thus, while reciprocal commodity turnover amounted to 1.75 billion rubles from 1961 to 1965 and 2.4 billion rubles from 1966 to 1970, it will reach 25 billion rubles in the 1981-1985 period. And under the agreement for 1986-1990, it will amount to approximately 28 billion rubles.

The new agreement differs from previous ones not only quantitatively, not only by the more impressive volumes of reciprocal commodity deliveries, but qualitatively as well. For the first time in relations between states with different social systems, the agreement aims at intensification of collaboration, based both on the traditional as well as the modern forms of international division of labor. Moreover, reciprocal commodity turnover will increase by approximately 3 billion rubles in the next 5-year period, and production subcontracting arrangements between Soviet and Finnish organizations in different sectors will be widely developed.

During the 1986-1990 period as a whole, it is planned to bring shipments of Soviet component items to Finland under subcontracting arrangements up to 400-500 million rubles. Finnish machinery and equipment, including the Soviet components, to be imported by us will be valued at up to 1.5 billion rubles.

Among the production subcontracting projects which the sides intend to begin carrying out in the new five-year plan, five may be singled out as the most important: joint production of special freightcars, atomic icebreakers, radio and telephone communications equipment, adaptable production systems based on Soviet processing centers and robots for automated systems, and agrochemical soil analysis.

The new form of collaboration now has been consolidated juridically as well. A special paragraph was added to the text of Article 3 of the agreement signed on the sides' intention to promote development of collaboration between Soviet and Finnish organizations and firms in the field of production subcontracting with the aim of expanding reciprocal delivery of machinery, equipment and other commodities, as well as of increasing their export to the markets of third countries.

Under the new agreement, the total volume of machine building output exported from the USSR to Finland will be more than doubled, or up to 250 million rubles annually. Together with the shipments of Soviet assemblies and components especially for completing units of machine building output being purchased in Finland, the deliveries of motor vehicles, tractors, metal-cutting machine tools, materials handling and power-producing equipment, computer technology, and maritime equipment will be increased.

Among the traditional Soviet deliveries which are very important for Finland's economy, energy carriers are the most prominent. The exports of oil and petroleum products will be maintained at the level reached. Approximately double the amount of natural gas will be exported; continuation of the gas pipeline from the USSR in Finnish territory, specified as one of the joint projects, establishes good conditions for sale of the gas.

A significant increase in the traditional Soviet exports of lumber is expected through implementation of a joint project--organization of lumbering on Soviet territory with the participation of Finnish firms. For this purpose, deliveries of machinery for forestry from Finland are being planned, with compensation for their cost by additional shipments of lumber. Soviet shipments of nonferrous metallurgy and chemical industry products are being increased.

The quotas for exports from Finland to the USSR were determined on the basis of requirements for development of the national economy of both countries. They also take into account the desire of the Finnish side not to subject the established composition of Finnish shipments to the Soviet Union to drastic changes. In particular, the delivery of machinery, equipment and ships from Finland to the USSR will exceed the sum of 6 billion rubles for the 5-year period, including imports of ships and maritime equipment set at 2.6 to 3 billion, and the proportion of machine building output as a whole will increase up to 45 percent of Finnish shipments.

The traditional Finnish export commodities--products of the paper and pulp industry, cable products, consumer goods--also will be increased significantly.

The involvement of Finnish firms in construction of projects in Soviet territory has become an important aspect of our collaboration with Finland. In the next 5-year period, the volume of such construction will be maintained at the level reached; for the first time it has been defined by an agreement in terms of cost at 1.2 billion rubles.

Construction of industrial and other projects in the territory of both countries is considered a highly promising direction for Soviet-Finnish collaboration and will be continued. The sides have discussed possible new projects under such collaboration and have declared their readiness to undertake joint projects in third countries.

The commodity shipments and payments specified reflect the effort by both sides to develop Soviet-Finnish trade relations on a balanced basis.

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TRADE WITH LDC'S

MEETING OF SOVIET-NORTH KOREAN CONSULTATIVE COMMISSION

Moscow EKONOMICHESKAYA GAZETA in Russian No 40, Oct 84 p 21

[Text] A scheduled meeting of the Soviet-Korean Intergovernmental Consultative Commission on economic and scientific and technical matters was held in Moscow from 13 to 18 September.

Questions connected with the status of bilateral trade and economic relations, implementation of a trade and payments protocol for 1984, acceleration of the commissioning of the planned capacities of enterprises built in the DPRK with Soviet assistance, and further expansion of collaboration in science and technology and several other fields were examined.

The sides also discussed prospects for development of economic collaboration between the USSR and the DPRK, taking into account the understandings reached during the visit to Moscow in May by the DPRK party-government delegation led by Kim Il-song, general secretary of the Korean Workers Party Central Committee and DPRK president.

The Soviet delegation was led by N. V. Talyzin, deputy chairman of the USSR Council of Ministers, and the Korean delegation was led by (Kong Chin-t'ae), vice premier of the DPRK Administrative Council.

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## TRADE WITH LDC'S

### TRADE, COOPERATION WITH CYPRUS REVIEWED

Moscow EKONOMICHESKAYA GAZETA in Russian No 44, Oct 84 p 21

/Article by M. Aleksandridi, Nicosia-Moscow: "Mutually Beneficial Cooperation"/

/Text/ The calendar of Soviet-Cypriot trade and economic relations counted off almost one-quarter of a century. Mutual trade turnover increased dozens of times during that period. During the first half of 1984 it totaled 22.5 million rubles. The volume of trade between our countries almost doubled during the last 5-year period. "Ladas" and Nivas" can be more and more often found on roads in Cyprus and more Soviet machine tools operate at the republic's enterprises. The sale of goods with the trademark "made in Cyprus" is growing in the USSR.

"The USSR," G. Andreou, minister of commerce and industry of the Republic of Cyprus, said during a conversation with Soviet journalists held in Nicosia, "is one of our major business-like partners. Trade and economic relations between our countries are developing successfully. Contracts signed in recent years create good prerequisites for strengthening and expanding them."

The structure of Soviet-Cypriot trade turnover was formed in 24 years. Along with Soviet power carriers and raw materials, which are of vitally great importance for the economy of Cyprus, purchases of industrial articles in the USSR, among which motor vehicles, ferrous rolled metal products, machine tools and lumber can be mentioned, acquire an ever greater scale.

Of great importance for the economy of Cyprus is the export of its basic traditional crops--products of viticulture and winemaking--as well as of the most diverse types of other agricultural products.

Contracts for the delivery of 5,000 tons of raisins, more than 4,000 tons of oranges, 4,000 tons of cognac alcohol and big batches of other goods to the USSR from Cyprus are now being fulfilled.

In connection with the crisis processes on the capitalist world market the republic's economy encounters big difficulties in the sale of its agricultural produce. Trade and economic relations with the USSR, which are built on a

mutually beneficial basis and are of a long-term nature, differ advantageously from the line pursued in matters of purchases of Cypriot products by Western countries. This is well known in Cyprus.

The participation of Soviet organizations in the construction of industrial and other projects in Cyprus is another direction in the business-like cooperation between both countries. The chemical complex built with USSR assistance in the small locality of Vasilikon is an example of this. Our country provided assistance in the planning and technical equipping of the enterprise base--the sulfuric acid shop. Cooperation in this area is continuing. In particular, the participation of Soviet organizations in the implementation of major irrigation and water supply projects is anticipated. In reality this implies the solution of the problem of providing water for Nicosia, other cities and agricultural regions in the country's southern coast. The representatives of foreign trade organizations of the USSR and the Republic of Cyprus noted that the establishment of this type of cooperation will have a favorable effect on the entire complex of Soviet-Cypriot business-like relations and will contribute both to an increase in the deliveries of Soviet equipment to Cyprus and to an expansion of the export of Cypriot goods to the Soviet Union. Contacts between Soviet foreign trade associations and Cypriot firms will become more meaningful.

More and more Cypriot firms, among which E. Kyriacou Brothers Limited, Loel, Delta Trading and others can be mentioned, manifest interest in expanding and intensifying trade and economic relations with our country.

"For many years we have had fruitful contacts with Soviet foreign trade associations, in particular with Traktoroeksport, Tekhnointorg, Raznoeksport, Eksporbles and other organizations," L. Joseph, deputy general director of the Loel firm, says. "This cooperation is equitable and mutually beneficial. We are confident that we have good prospects. A number of contracts for the delivery of timber, electric household appliances, building materials and other goods from the Soviet Union have already been concluded."

Agreements for an amount exceeding the volume of Soviet-Cypriot trade in 1983 have been concluded between Soviet foreign trade associations and Cypriot firms during the current year.

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TRADE WITH LDC'S

FRUITFUL COOPERATION WITH MOZAMBIQUE PRAISED

Moscow EKONOMICHESKAYA GAZETA in Russian No 42, Oct 84 p 22

[Text] Mutually beneficial Soviet-Mozambique trade and economic relations are being developed fruitfully. As the Mozambique press reports, the volume of trade between the two countries amounted to about 100 million dollars (approximately 78 million rubles) last year.

The Soviet Union exports agricultural machinery, machines and equipment for the mining industry, metal items and other products to the People's Republic of Mozambique. In turn, Mozambique ships traditional export commodities, as well as mining industry output, to the USSR.

The assistance being provided by the Soviet Union is helping to resolve the socioeconomic problems facing Mozambique. Soviet specialists are taking part in more than 30 industrial and agricultural projects.

Soviet geologists, together with their Mozambican colleagues, are prospecting for coal, bauxite, rare metals, oil and gas in a number of the country's provinces and are making technical and economic calculations for construction of an iron ore concentration mill near the (Murrua) deposits, which should be put in operation in 1987. Agriculture is an important field of bilateral collaboration. Soviet specialists are taking part in the development of cotton growing in Nampula Province and in working out an electrification program for rural regions and a plan for efficient utilization of water resources in the Limpopo River basin.

Six PTU [vocational and technical schools] and an agricultural teknikum have been built in the republic with the assistance of the USSR. At present, the Soviet Union is helping Mozambique to set up another four technical secondary educational institutions and a polytechnic institute.

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TRADE WITH LDC'S

TURKISH TRADE PROTOCOL SIGNED

Moscow EKONOMICHESKAYA GAZETA in Russian No 40, Oct 84 p 21

[Text] A protocol on trade between the USSR and the Republic of Turkey for 1985, which provides for double the volume of trade between the two countries, has been signed in Ankara. The Soviet Union will send Turkey various machines and equipment, oil and petroleum products, electric power, liquid ammonia, mineral fertilizers, paper pulp and other goods, and Turkey will send the USSR cotton, olive oil, citrus plants, malt, livestock, tobacco, mineral raw material, chemical products and industrial consumer goods.

A long-term agreement on the delivery of natural gas from the USSR to Turkey also has been signed. In accordance with it, up to 6 billion cubic meters of the gas will be sent to Turkey every year for 25 years, beginning in 1987.

N. D. Komarov, first deputy minister of foreign trade and head of the Soviet Government trade delegation, signed the documents for the Soviet side, and E. (Pakdemirli), minister of state and adviser to the prime minister on foreign trade and the treasury, signed for the Turkish side.

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GENERAL

AEROFLOT LANDING RIGHTS AND U.S. TOURISM IN USSR

Moscow VOZDUSHNYY TRANSPORT in Russian 13 Nov 84 p 3

[Article by I. Grigor'yev: "Through Tourism to Cooperation"]

[Text] A seminar of North American travel agent representatives took place in Moscow at the end of October. The participants included 110 representatives from 80 travel and transportation companies in the United States of America and Canada.

Within the framework of this seminar there was an extraordinary session of the Tourism Committee of the American-Soviet Trade and Economic Council (ASTEC), of which Aeroflot is a member.

The Soviet delegation was headed by V. Boychenko, co-chairman of the committee and deputy chairman of the USSR State Committee on Foreign Tourism, and the American delegation by W. Lawrence, who is the other co-chairman of the committee and chairman of the board of directors of the Russian Travel Bureau.

On the Soviet side the following people participated in the work of the session: representatives of the USSR State Committee on Foreign Tourism, the Intourist All-Union Joint Stock Company, the Central Council of Tourism and Excursions of the AUCCTU, the Sputnik Bureau of International Youth Tourism, the USSR Ministry of Civil Aviation, the USSR Ministry of the Maritime Fleet, the All-Union Sovintsentr Organization, the USSR Foreign Trade Bank and the State Foreign Insurance Company.

On the American side the participants included the Intourist's major partners, including the heads of the following travel companies: PSK, General Tours, American Express, Russian Travel Bureau, Vega Travel, Anniversary Tours, Jenn Air and others.

It is well known that international tourism brings people closer together and strengthens mutual trust and friendly ties among peoples.

International tourism occupies an important place in the policy of peace and cooperation which the Soviet Union carries out steadfastly and comprehensively. And in this area a deciding role is given to questions of transportation. Of course the absence or inadequate development of a transportation system is a serious obstacle to the development of international tourism, especially if one is talking about cooperation with countries divided by thousands of kilometers, oceans and continents. Here there is no way to avoid air transportation, which accounts for more than 60 percent of Intourist journeys.

As is well known, regular airline service between the USSR and the USA was stopped in violation of the inter-governmental agreement between the two states. This unprecedented decision by the Washington administration has had an extremely unfavorable effect on many areas of cooperation between the USSR and the USA, including tourism.

The long-standing experience of cooperation between Soviet organizations and their American partners provides evidence that these contacts are mutually beneficial and can be successfully developed on a long-term basis. The ties between Intourist and the American Express Company, which go back nearly half a century, can serve as a convincing example of this.

Let us recall that in 1972 a document entitled "The Bases of Mutual Relations between the USSR and the USA" was signed at the inter-state level; one of the sections of this document directly touched upon the obligations of the parties to promote the development of tourist contacts. The willingness of both parties to cooperate in this area was confirmed in the document "General Agreements between the USSR and the USA on Contacts, Exchanges and Cooperation," which was signed in 1973.

It should be noted that in putting up artificial barriers to the development of foreign tourism, the U.S. administration is primarily hurting American travel companies. After all, the considerable resources which they have spent on developing the tourist market must now, as a consequence of Washington's purposeful policy of confrontation and fanning anti-Soviet hysteria, be reduced to some degree, and this sometimes brings with it significant losses.

Nonetheless, the interest in cooperation with Soviet partners which the overseas travel and transportation companies have demonstrated is not dying. In particular, one sees this in the representative nature of the seminar which took place in Moscow for North American travel agents and in the session of the ASTEC Tourism Committee.

In addition, the growth trend in visits by Americans to the Soviet Union, which was observed in 1981-1984, is continuing. It is expected that in the current year the number of tourists from the USA will also increase.

However, despite the mutual desire for cooperation--and this was particularly emphasized in the course of the Moscow meeting--the tension in the international climate, and above all the sharp worsening of Soviet-American relations, creates artificial difficulties in tourist exchanges between the two countries.

"We understand perfectly that the abnormal situation which has developed in air traffic between the USSR and the USA has a very negative influence on the work of tour operators; it requires of them significantly greater efforts and in the final analysis it requires greater funds for American-Soviet tourist exchanges," said V. Kurkov, head of the Europe and America Department of the Board of Foreign Relations of the USSR Civil Aviation Ministry, speaking at the seminar. "On our side we are doing everything we can to somehow change the situation which has developed. Our doors are always open for talks with the airline companies and government organizations of the United States concerning the resumption of direct air service."

Answering questions put by the WASHINGTON POST, Comrade K.U. Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, emphasized: "...We are for good relations with the USA. And experience shows that they can be good. This requires a mutual desire to build relations on an equal basis, for mutual benefit and the cause of peace."

And as the facts testify, Aeroflot has taken concrete steps in this direction. Last year, for example, Aeroflot decided to satisfy a request made by the American airline companies Jenn Air and Capitol to carry out on a unilateral basis a series of tourist flights to the USSR. However, the White House took advantage of the obviously provoked "incident" with the South Korean jet liner and gave an order to close Aeroflot's representation in New York and Washington as of 15 September of last year. Following the cessation of regular flights by the Soviet airline to the USA these offices had played a coordinating role in providing air transportation between the two countries through European points. The White House also imposed a ban on commercial and other contacts between Aeroflot and American airlines.

For this reason it is not surprising that despite efforts made by the Soviet side and by American businessmen from travel companies to resume Aeroflot flights to the USA and flights by American carriers to the USSR, these attempts have not met with the

necessary understanding from the Washington administration. Incidentally, these same two companies, Capitol and Jenn Air were the ones which previously--in early 1982, when Aeroflot flights to the USA were halted--presented a request to the U.S. Civil Aviation Commission for permission to make regular flights to the Soviet Union. But, as expected, they were refused.

In the period since the 9th session of ASTEC's Tourism Committee, the USSR Ministry of Civil Aviation has taken definite steps to restore air service between the Soviet Union and the United States of America. For example, meetings were held with the management of Pan American Airlines, with officials of the U.S. Civil Aviation Commission and with the head of the Soviet department of the U.S. State Department. In the course of these meetings the American side was informed of the decision made by the ASTEC Tourism Committee on the need to restore direct air service between the two countries.

Let us note that the wisdom of this decision is dictated by many factors. We have already acquainted our readers with a letter from Wallace Lawrence, chairman of the board of directors of the Russian Travel Bureau, to the U.S. State Department. Let us recall only one fragment of this letter, which in our opinion is quite eloquent. "When considering the question of observing United States interests, please keep in mind that there are economic aspects which influence American travel companies. Due to the insufficient volume of air service between the United States and the Soviet Union at the present time, we and other tour companies are forced to limit our activities...If Aeroflot resumes its direct flights from New York and Washington, American travel companies will be the winners financially and will have the opportunity to expand their activities."

Paul Elmstrom, vice president of the PSK Company, expressed himself even more candidly. "We think that it would be important for the two most powerful nations on the earth to have ties which are as broad as possible...Because there is no direct air service between the United States and the Soviet Union at present, we have to use "third party" European airlines to transport our clients, for whom this causes certain inconveniences. In our opinion the American airlines are losing millions of dollars because direct air service between the USA and the USSR is not functioning..."

American businessmen in the travel field also expressed similar opinions at the Moscow meeting. In their presentations they emphasized that a resumption of Aeroflot flights to the USA and of flights by American air carriers to the USSR would above all be in the interests of international tourism.

It is no accident that the protocol of the Tourism Committee session stated that "further growth in tourism between the USSR and the USA is directly dependent on a very rapid resumption of direct aviation...transportation links between the USSR and the USA," and it also expressed the opinion of both sides in favor of continuing cooperation to promote the fastest possible resumption of regular direct flights.

Time will show how fruitful these efforts have been. However, the satisfaction expressed by both sides with the spirit of cooperation in which the session of the Tourism Committee took place in Moscow and the sincere interest in continuing mutual efforts to improve the tourist exchange between the USSR and USA make it possible to hope that common sense will prevail in the approach to Soviet-American relations in general, as well as in the development of tourist and transportation links between the two countries.

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GENERAL

ABRASIMOV: TOURISM GROWS DESPITE INTERNATIONAL TENSIONS

Moscow IZVESTIYA in Russian 27 Sep 84 p 3

[Article by P. Abrasimov, chairman of the USSR State Committee for Foreign Tourism: "Tourism Serves the Cause of Peace"]

[Text] On 27 September a new international holiday--World Tourism Day-- is being celebrated for the fifth time. The observance of this day began with the active participation of our country where tourism has become a truly popular phenomenon. Millions of Soviet and foreign citizens cross the borders of the USSR annually.

Today, foreign tourism is an integral part of international cultural exchange. It facilitates the expansion of mutual understanding and the strengthening of trust between peoples; it serves the cause of peace. Our approach to the development of tourism has its roots in the fundamental position of the CPSU and the Soviet state with regard to the issues of international cooperation under present-day conditions.

This position was defined well in a speech by the General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet comrade K.U. Chernenko at the February Central Committee Plenum of the CPSU. Comrade Chernenko put it this way: "As a great socialist power, the Soviet Union is totally aware of its responsibility to the nations of the world for the preservation and strengthening of peace. We openly stand for peaceful and mutually beneficial cooperation with the countries of all continents."

The concern over the development of tourism, including international tourism, has become an important aspect of our country's state policy.

More than 70 million foreign guests have visited the Soviet Union in the last 30 years.

The exchange of travelers with socialist countries is the basis of our country's international tourist links. This exchange exceeds 500,000 people annually with many of these countries, particularly the GDR, Czechoslovakia and Bulgaria. Our cooperation also includes the joint construction of hotels, deliveries of equipment and materials, the sharing of experience in advertising, the training of cadres, etc.

Even in the currently tense international situation, great attention is focused on the development of tourist links with the countries of the West and with developing states. Despite the attempts on the part of the ruling circles of the U.S. and several of its NATO allies to minimize all contacts with the Soviet Union, tourist exchanges with this group of countries continue to grow. In this year alone, these exchanges will account for approximately one-half of the total tourist exchanges between the USSR and foreign countries.

Hundreds of thousands of tourists travel annually to the Soviet Union from Finland, the FRG, France, Great Britain and Sweden; these countries are the USSR's leading tourist partners in the West. The number of tourists from Portugal and Greece has grown noticeably in recent years; links with Asian countries, particularly India, the Phillipines and Syria, are expanding successfully. The establishment in 1983 of the Moscow-Buenos Aires air route, presents prospects for a considerable expansion of tourist traffic with Argentina and other countries of Latin America in the future.

Economic, as well as political problems are considered in the development of tourist links. Regarded as the "export of impressions", we would like to emphasize that foreign tourism has become an important source of state income and is a highly effective branch of the nation's economy.

The State Committee for Foreign Tourism (Goskomintourist) actively participates in the improvement of the branch's administration, the elimination of unnecessary bureaucracy and the reduction in the number of administrative personnel. We are taking specific steps to increase the economic efficiency of our enterprises and ensure the absolute fulfillment of the state plan.

Foreign tourism in our country is a major and complicated operation involving many branches of the economy. A number of ministries and departments participate together with Goskomintourist in the reception and servicing of foreign guests. Unfortunately, the barriers between departments are often very much alive, and we still have much to do in order to work harmoniously and correctly.

In recent years, hotels, restaurants, cafes and camping sites have been built in various parts of the country. By the end of the current five-year plan, new Goskomintorist hotels in Yalta and Pyatigorsk, a Tourist Center in Tashkent and a number of other facilities will become operational. In the 12th Five-year Plan (1986-1990), we are planning to increase the number of our hotels even more considerably.

In giving our builders their due, we would also appreciate it if they would pay even greater attention to our needs. Unfortunately, it sometimes takes more than just one five-year plan between the birth of a project and the opening of a new hotel; here we are talking about losses in hard currency.

One of the important problems we are working on is the expansion of the tourist geography across the USSR and the development of "peripheral"

tourist centers. In this effort, we are counting on the assistance and support of local party and Soviet agencies.

There are still difficulties and unresolved problems in transporting foreign tourists back and forth. We would also like to satisfy better their requests to visit theaters and museums.

The international tourist links of the USSR deal not only with the reception of foreign guests in the Soviet Union, but also with the trips of millions of Soviet citizens abroad.

In September 1983, at the Black Sea health resort of Solnechniy Bereg in Bulgaria, the one-millionth tourist from the USSR was greeted in a ceremony. And Bulgaria is only a single destination! Hundreds of thousands of Soviet tourists spent their vacations in 1984 in the sea and mountain health resorts of Rumania, Czechoslovakia, Yugoslavia, Cuba and Vietnam.

Soviet travelers can be seen today in more than 140 countries of the world. Sea cruises around Europe, to Southeast Asia, around the Mediterranean, Baltic and North seas, to Spitsbergen Island and a river cruise down the Danube enjoy great popularity. The novelty of the 1984 season is a cruise around the Japanese island of Hokkaido.

What kind of tourist season will 1985 be?

The year will be a special one for us. The Soviet people will commemorate the 40th anniversary of their Victory in the Great Patriotic War. This event will undoubtedly attract a great number of guests from all over the world.

According to a U.N. resolution, 1985 has been declared to be "Youth Year." It is the year of the 12th World Festival of Young People and Students which will take place in Moscow from July through August. Goskomintourist and other organizations are already preparing to ensure properly the reception, boarding, transporting, and the establishing of a cultural program for thousands and thousands of ambassadors from democratic youth organizations from the very ends of our planet.

Foreign tourism in our country consists primarily of cognitive features. During their stay with us, our guests receive the maximum amount of information on the life of the Soviet people, their achievements in building communism and the peaceful aspirations of our party and state. The journeys and contacts with the representatives of neighboring and far-away countries convince us that there are no such contradictions between peoples which cannot be overcome in the name of preserving peace on earth and in the name of life itself.

For this reason, we appreciate strongly and understand the slogan under which World Tourism Day is taking place in 1984: "Tourism is a means of assisting international mutual understanding, peace and cooperation."

GENERAL

INTOURIST'S SITKINA INTERVIEWED ON TOURISM DAY

Moscow MOSKOVSKAYA PRAVDA in Russian 27 Sep 84 p 3

[Interview with M.L. Sitkina, deputy chairman of the USSR State Committee on Foreign Tourism, by MOSKOVSKAYA PRAVDA correspondent M. Stoyanov: "Roads Which Bring People Together"]

[Text] World Tourism Day is being celebrated for the fifth time. M.L. Sitkina, deputy chairman of the USSR State Committee on Foreign Tourism in conversation with a MOSKOVSKAYA PRAVDA correspondent, talks about the role which the "tourism industry" plays today and about our country's contribution to the development of international tourist ties.

[Question] Statistics show that at present nearly one-third of mankind--more than 1.5 billion people--participate in various travels. Moreover, 300 million do their traveling outside their own countries. Specialists think that by 1990 the number of foreign travellers will increase to 500 million. In this regard how would you characterize the increased role of tourism today?

[Answer] Above all the expansion of tourism can only be welcomed. Tourism today has become a truly global phenomenon. It is no accident that millions of amateur travellers have put on their calendars of memorable dates what one might call a "professional" holiday, which we celebrate every year on September 27th. It is now being held under the motto "Tourism--a factor which contributes to international understanding, peace and cooperation." These words, I think, express quite clearly and capaciouslly the important and noble function of tourism, which naturally includes international tourism. It is particularly significant now, when mankind is experiencing an alarming period of world tension caused by the Washington administration's foolhardy policy, which is fraught with the threat of nuclear war. In this situation the role of tourist exchanges, of these unique ways of getting to know other peoples, is extremely important. Our country attributes great significance to the development of international

tourist ties, viewing them as an important link in peaceful cooperation with other countries and as one of the important elements in the strengthening of mutual understanding between peoples. It is no accident that promoting the development of tourism, including international tourism, has become an important aspect of state policy.

From year to year the material-technical base of tourism is expanding; more and more resources are being allotted for the improvement of this form of mass recreation. And this applies fully to the Intourist system. And, incidentally, this year we are celebrating the 55th anniversary of the Intourist All-Union JointStock Company, our leading tourist organization, which receives foreign tourists to the USSR and provides services for them. Intensive hotel construction, the training of thousands of highly skilled personnel for the tourist industry, improvements in the quality of service, the development of interesting new itineraries, as well as informative and attractive programs create the real conditions necessary to receive foreign guests at a high level in all of our country's tourist centers.

[Question] We touched on the subject of hospitality. Could you elaborate on this?

[Answer] The five million foreign guests who cross the state borders of the USSR every year, including those who come for tourist purposes, can fully judge the cordiality and traditional hospitality of the Soviet people. We are always delighted to receive guests who come to us with an open heart and pure intentions. Intourist offers for them 500 different itineraries, which take in 147 tourist centers in the USSR and which include all the union republics. Thousands of our country's historical and cultural monuments, as well as hundreds of museums and permanent exhibitions are part of the enormous spiritual wealth which guests from abroad have the opportunity to learn about. Soviet art festivals such as "The Russian Winter," "Moscow Nights," "Moscow Stars," "White Nights" and others attract thousands of foreign guests from many countries of the world every year. We try to help our guests become better and more thoroughly acquainted with the world's first socialist state and with our people's way of life.

It is no secret that bourgeois propaganda, especially in periods of tension, tries to frighten tourists with fables about the Country of the Soviets and inflicts on them pre-departure warnings about the Soviet people. Their purposes in so doing are understandable: they want to scare people away from travelling to our country, to reduce the tourist exchange, which means reducing cultural ties between our countries as well. That is how the U.S. State Department acted in August, when it warned its fellow citizens that Leningrad was supposedly "unsafe" for American

tourists. Of course, actions of this kind do not contribute to the development of tourism, nor to the improvement of the international climate. Moreover, the American travel firms themselves have disavowed their own administration, stating that Washington is misleading Americans with political tricks of this kind.

Our premise is that international tourism must help to bring people closer together on behalf of peace and friendship among peoples. This position is reinforced by the entire experience of foreign tourism development in the USSR.

In the summer, during the peak of the tourist season, 16 of the country's cities open up Intourist cultural centers where tourists can meet citizens who share the same occupation or interests. In Moscow centers of this kind have operated for many years. In order for tourists to become better acquainted with Soviet life Intourist organizes excursions to enterprises and kolkhozes, to scientific institutions and schools. As part of the upcoming 40th anniversary of the victory of the Soviet people in the Great Patriotic War, special anniversary tours and programs are being developed to make it possible to acquaint foreign guests even more fully with the peaceful creative labor of our people, with their aspiration to live in peace and with their persistent and decisive struggle to prevent nuclear catastrophe.

[Question] Tourist links with the fraternal socialist countries are being developed most intensively. What characterizes these links in the current year?

[Answer] First of all I will cite one noteworthy figure. The socialist countries account for 60 percent of the USSR's entire tourist exchange. The names of certain types of tourist trips between our countries speak for themselves: there are "friendship trains," "friendship planes" and trips to cities and oblasts which maintain friendly contacts. This kind of tourism has become massive in scope. Specialized tourism is also becoming more and more common. This year we are offering 150 specialized programs for groups of builders, architects, physicians, teachers, students, agricultural workers and people in other occupations. Our friends have had a chance to pass judgment on new Intourist hotels which have been opened recently and new routes such as the one which runs between the Dnepr, the Black Sea and the Dunay. It can be said with confidence that the planned 20-25 percent increase in the tourist exchange between the USSR and the other socialist countries in the current five-year plan will not only be fulfilled; it will be overfulfilled.

I began my answer to this question with some statistics. And I will end it with some figures which are extremely eloquent and pleasant. Several months ago the 3 millionth tourist from the

German Democratic Republic arrived. And sometime in the next few days the millionth Soviet tourist will cross the GDR border.

[Question] We are hospitable hosts, and although we have much to offer, we are not, as they say, averse to looking at others...Where do foreign roads take Soviet travellers?

[Answer] To 134 countries of the world. Every year more than 4 million Soviet individuals go abroad for their holidays to Europe, Asia, Africa and Latin America. They take cruises along the Mediterranean, Baltic and North Seas, as well as cruises to the countries of Southeast Asia and cruises around Europe and Japan. But naturally the largest number of them go to the socialist countries.

This year is an important one for learning about the life and successes of the fraternal peoples. The GDR, Bulgaria, Cuba, Rumania and Mongolia are celebrating important dates in their recent history. Trips by Soviet tourists to the three capitals of Berlin, Prague and Budapest, trips by Sovtransavto busses to several socialist countries, rides on "friendship trains" and participation in specialized groups all provide opportunities to satisfy the growing interest in the life of our friends, and to see with our own eyes their accomplishments in the construction of socialism.

Trips which combine tourism and leisure activities are becoming more and popular. This year thousands of Soviet people combined learning about fraternal Cuba with recreation at the Varadero resort. Our tourists also enjoyed restful seaside vacations in Vietnam; in Nhachanga they had at their disposal beautiful beaches and convenient hotels. Vacationers who spent two weeks at the seaside in Wonsan (Korean People's Democratic Republic) were also satisfied.

The desire to travel and see the world has always been characteristic of people. And this understandable desire goes along with their aspiration to know other peoples in order to make friends and live in peace. The purposes of international tourism meet this noble aspiration: the roads of tourism are the roads of peace.

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